

Mr. Mahoney -
DDA has seen
the Compensation
Report. Here's
the unclassified
version you
asked for. 7

87-1081X

HUMAN RESOURCE MODERNIZATION AND COMPENSATION TASK FORCE

REPORT #1 PROGRAM PLAN

17 FEB 1987

TABLE OF CONTENTS

	<u>Page</u>
1.0 INTRODUCTION.....	2
2.0 SYSTEM REQUIREMENTS.....	4
2.1 Funding.....	4
2.2 Authority.....	6
2.3 Cross Agency Consistency.....	6
2.4 Customized Rewards Systems.....	6
2.5 Compensation and Career Development Differences Between Occupations.....	7
2.6 Mobility.....	7
3.0 SCOPE OF THE EFFORT.....	7
4.0 DETAILED PLANS FOR PHASE 1.....	7
4.1 Objective 1: Development of an Improved Total Compensation Package.....	10
4.1.1 Role of the Total Compensation Team.....	11
4.1.2 Role of Position Classification and Pay Team.....	14
4.1.3 Role of the Career Development Team.....	17
4.1.4 Role of the ADP Team.....	17
4.1.5 Role of the Communication Team.....	18
4.1.6 Role of the Training Team.....	19
4.2 Objective 2: To Better Relate Pay and Performance.....	19
4.2.1 Role of the Position Classification and Pay Team.....	21
4.2.2 Role of the Total Compensation Team.....	23
4.2.3 Role of the ADP Team.....	23
4.2.4 Role of the Performance Appraisal Team.....	24
4.2.5 Role of the Training Team.....	26
4.2.6 Role of the Communication Team.....	28
4.3 Objective 3: To Develop a More Effective Career Development Program.....	28
4.3.1 Role of the Career Development Team.....	29
4.3.2 Role of the Position Classification and Pay Team.....	31
4.3.3 Role of the Total Compensation Team.....	31
4.3.4 Role of the ADP Team.....	31
4.3.5 Role of the Performance Appraisal Team.....	33
4.3.6 Role of the Communications Team.....	33
4.3.7 Role of the Training Team.....	34
5.0 PHASE I DELIVERABLES.....	34
5.1 Deliverables to the Individual Project Teams.....	34
5.2 Deliverables to the Task Force.....	34
5.3 Deliverables Outside the Project Team-Task Force Environment.....	34

1.0 INTRODUCTION

At the heart of the CIA's success as an organization has been its outstanding career work force, composed of many exceptionally gifted individuals motivated, not by money or public acclaim, but by patriotic considerations and the satisfaction of doing work critical to the national safety and well being. It was no accident that the Agency attracted such a work force. There has been something about the organization -- an aura, a reputation and a mission which led such people to join the ranks of the CIA. It was an aura of excitement and challenge. It was the reputation as a good place to work, with modern tools and training, bright and highly motivated colleagues, and a management which takes care of its employees. And it was a mission that was complex, dynamic and important.

We need to maintain this ambiance because to accomplish our mission today and in the years to come, we must continue to attract dedicated, disciplined, highly productive, highly skilled men and women. We do not expect CIA employees to be average in any way, and we must position ourselves to appeal to the exceptional employee who can meet the exceptional challenge. The work of the Human Resource Modernization and Compensation Task Force (HRMCTF) is part of that continuing effort. Our approach to career development is to enhance our ability to offer challenging and rewarding careers with training and stretch assignments which allow employees to grow to potential. Our compensation strategy must recognize both team and individual performance, rewards extra effort and encourages bold and innovative approaches.

It also is important that our system be competitive with the market place because we ask a great deal of our employees. Beyond the normal challenges implicit in work which often requires courage, great interpersonal skills, intellectual prowess and being at the cutting edge of technology, are the additional demands of intelligence work. Our people must be willing to lead private lives tightly circumscribed by cover considerations, security requirements and lifestyle restrictions. They work and live at one and the same time out of the limelight yet in a fish bowl. They may become targets of the media, of terrorists, and foreign intelligence services. Their work and many times their entire lives are quite different from the norm in either the private or the public sector. They are a breed apart and yet they too must provide for their families, educate their children and worry about their later years.

We must be competitive, too, because we wish to avoid attracting those who are content with second best, who come to or stay in government only because they have no alternatives. We want to avoid attracting those mainly without family obligations who can afford to come to the government for a few years to pick up information, skills, and clearances on the way to more lucrative job opportunities elsewhere. We want to avoid losing talented employees at the peak of their career and earning power or be unable to compete for people with special skills in their 40s or 50s because the financial sacrifice is simply too great. In sum, we want to avoid the perception that the talented and competitive employee belongs in the private sector.

The Human Resource Modernization and Compensation Task Force was commissioned by the Executive Director to develop an implementation plan for an improved personnel and compensation system. To be successful the plan must be structured correctly, have adequate resources, and be implemented in an appropriate manner.

The structural requirements include: job analysis and performance evaluation, pay-for-performance standards, a total compensation approach which is adequately funded, and the training needed for career development. Specific details will be generated through significant employee participation involving full-time occupational panels, focus groups, surveys and other input and feedback mechanisms.

Many, but not all of the suggested improvements can be revenue neutral. Those which are not will have to be adequately funded if they are to be adopted.

Finally, implementation of the general system will be tailored to a significant extent to occupation and career service needs so that there is a good fit between the overall Agency-wide system and the individual employee. The implementation will be phased to gain maximum impact with minimum disruption and also to allow continued monitoring and feedback so that lessons learned with one occupational group can be applied to other occupational groups.

The program plan described in this document is structured to address all of the above concerns. The effort has three major objectives:

1. Improve the Agency's total compensation package;
2. Develop a pay-for-performance strategy; and
3. Establish a more effective career development program.

Seven project teams will be responsible for the identification and analysis of options to meet the desired objectives. The teams are:

1. Total Compensation
2. Position Classification & Pay
3. Career Development
4. Performance Appraisal
5. Automated Data Processing
6. Communications
7. Training

While all seven teams have a role in meeting the three stated objectives, the Communications Team has a somewhat broader role. Change or the possibility of change creates anxiety, apprehension, and a sense of loss in those affected. Not knowing what is happening or feeling unable to influence its direction intensifies these feelings. The creation of the Task Force and project teams and the activities of the Occupational Panels are generally known to the employees, but the level of knowledge and the degree of

participation is still inadequate. Thus, there is need for a comprehensive program which sets the correct tone and creates the proper atmosphere. To avoid both cynicism and disappointment, employee expectations must be realistic--neither too high nor too low. We must convey to the employee our intent to make a good system better and we must make it easy for the employee to participate in the design of the new system.

The internal communications strategy has at least four stages. In the first, general information about the project is conveyed. In the second, employee input--ideas and suggestions are solicited. In the third, as a program design takes shape, employee critique and feedback is used to validate and improve the plan; and in the fourth stage, implementation, employee participation is sought to translate the general plan into concrete occupation specific terms as each occupation is brought into the new system.

The communication programs also must focus on those groups outside the Agency--the Congress, the Office of Management and Budget, and the Office of Personnel Management, which will be called upon to react to or approve the program. Here the strategy is to maintain an ongoing dialogue so that the direction of our effort is clear and there are no surprises at the end.

It is critical that the communications program--both the internal and external effort--be a coordinated one, so that the Agency speaks with one voice and that voice remains constant across the speakers and over time.

Training also takes on a larger role than that of direct support to the main objectives. In order to prepare Agency managers for the anticipated changes, it will be necessary to institute a series of briefings and training sessions which prepare managers to deal with organizational and system change.

2.0 System Requirements

The three objectives identified in Section 1.0: improving the Agency's total compensation package, developing a pay-for-performance strategy, and establishing a more effective career development program are the design goals for the new system. They have been left open-ended to allow the Task Force alternatives in meeting these goals within the guidelines provided by the Executive Director as discussed in detail below.

2.1 Funding

Although not "revenue neutral," the improved system cannot dramatically increase costs. Larger future costs in selected areas must be paid for by nongrowth in other areas. As a practical guideline, the initial funding for the system must be within a few percent of the cost of the current personnel services budget. An initial growth figure of two-to-three percent increase has been cited as an acceptable limit. The FY 1986 Agency budget for personnel was the specifics of which are shown in table 2.1. A three percent increase over this value would equate to

STAT
STAT

TABLE 2.1

In 1980, OPM established a merit pay plan for GS-13, 14, and 15 managers/supervisors in the Federal Government. At that time the CIA chose not to participate in this government-wide plan. During the first four years of the merit plan existence, there was general dissatisfaction on the part of government managers. The primary complaint was that the new plan did not provide as much reward for the managers under merit pay as was received by nonmanagers who remained under the standard GS pay system. In 1984, Congress recognized that the merit pay plan was inadequately funded and directed participating agencies to allocate funds, on a set formula, to reward the managerial participants. The formula established by Congress, for FY 1986, required agencies to devote a minimum of 0.85% payroll budget for the merit pay pool. This went up to 0.95% in FY 1987 and will go to 1.15% in FY 1989. Had the Agency adopted even this limited performance system, an additional expenditure of [] would have occurred in FY 1986. It is suggested that this level of funding be added to the money made available for the new total compensation system.

STAT

Certain discrete features of the new system may require separate line-item funding. Also to be considered as ways of funding the new system are leave exchange and salary reduction programs. Under the first, for example, an employee could change the dollar value of a week of leave into a voucher used to purchase other benefits. Under the second, employees could reduce their salaries and, thereby, use pretax dollars to purchase certain benefits.

2.2 Authority

Many but not all of the suggested system improvements can be accomplished under existing Agency authority, but some features may require legislative action before we can proceed. The Office of General Counsel will be asked to review all plan features to determine which require additional grants of authority.

2.3 Cross Agency Consistency

A total compensation system includes pay, incentives, benefits, and perquisites. The mechanism by which these elements are distributed throughout the Agency must assure equity. By this we mean that total compensation should be comparable for similar levels of performance in jobs of like responsibility and difficulty. Without consistency and the perception of equity, a compensation program cannot be effective.

2.4 Customized Rewards Systems

While consistency and equity are essential, the system of rewards must accommodate the realities of the marketplace and the needs of different segments of the Agency population. Thus, the compensation system must be sufficiently dynamic to meet the needs of new employees starting in an occupation, career employees as they progress, and persons coming into the Agency at mid-career. Moreover, rewards should be designed to affect desired behavior and thus include "motivators" -- not merely "satisfiers."

2.5 Compensation & Career Development Differences Between Occupations

The system must accommodate variance in total compensation and career development goals among the different segments of the Agency.

2.6 Mobility

The system must not reduce internal mobility of personnel among the Directorates, components, or occupations. In fact, it is important that the system be structured to enhance mobility.

3.0 Scope of the Effort

The final product from the effort will be implementation of an improved Human Resource and Compensation System. The plan for the new system will be developed in four phases. Phase I is the development of the program plan, the process for which is described in this document. Upon the completion of the approved program plan, Phase II will proceed.

In Phase II, several options to meet the program objectives identified in Section 1.0 will be explored, and a preliminary design for the new system developed. The preliminary design will contain the key features of the new system, but not the detailed definition required for implementation. The Phase II document will discuss the feasibility and analyze tradeoffs among the various options considered for meeting the three program objectives, and will include the design features recommended by the Task Force. This document should be completed in May 1987. Comments on this document will be solicited from the Directorates prior to initiation of the final design effort.

During Phase III, the final system design will be completed along with a more detailed analysis and schedule for the options recommended for approval. This phase will be completed within 60 days of receiving feedback from the Directorates on the preliminary design. The final system design will be sent to senior management for concurrence and to the DCI for approval.

Phase IV is program implementation. This phase will begin after internal approval and external coordination has been obtained for the new system with the placement of the first two occupations, all ADP personnel and Category B Operations Officers onto the new system. The remaining Agency occupations will be phased into the new system three or four at a time until all occupations are converted.

4.0 Detailed Plans for Phase I

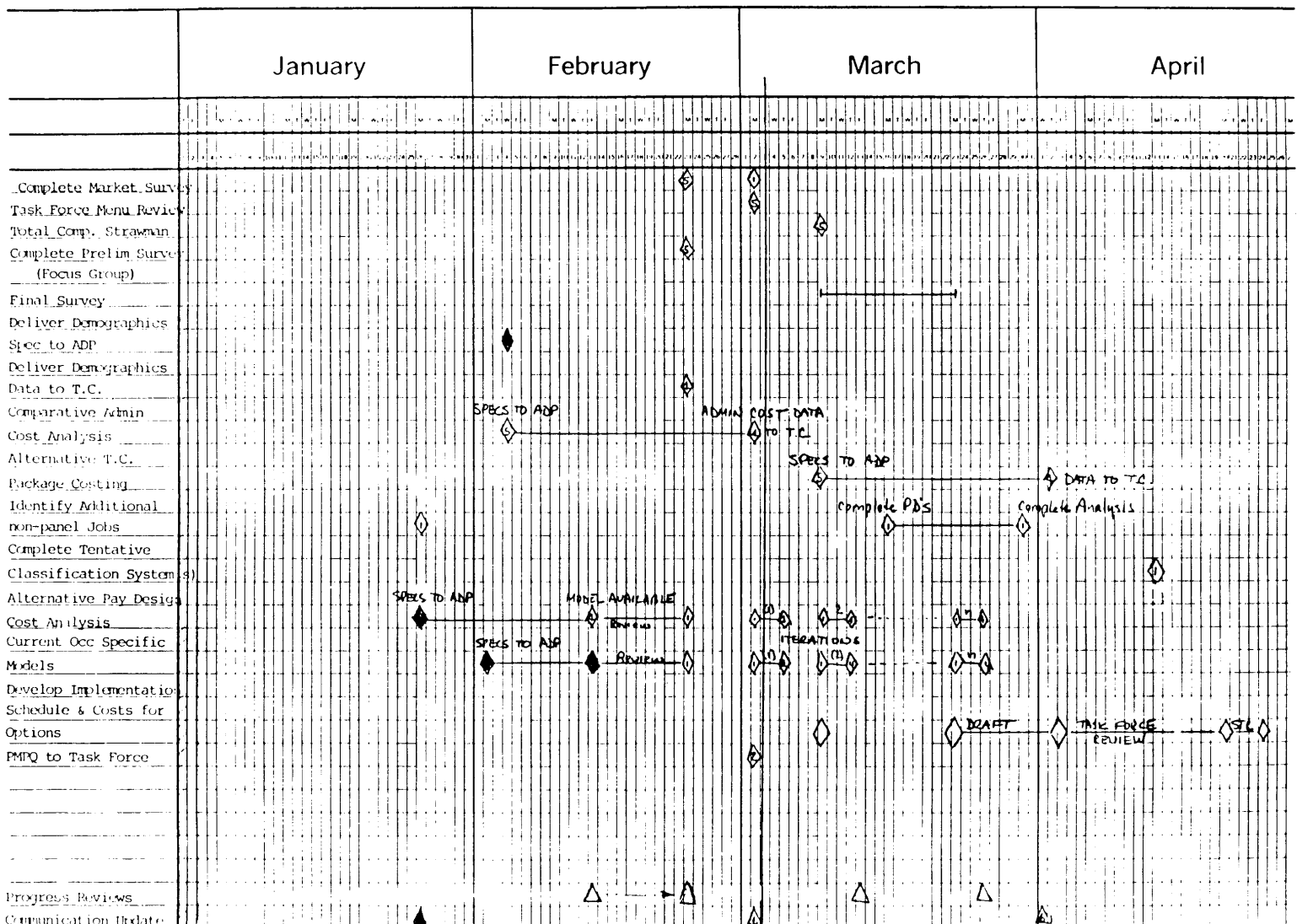
The detailed discussion of the three objectives (Total Compensation, Pay-for-Performance, and Career Development) and the role that each project team plays in delivering the objectives will be described in this section of the program plan. Section 4.1 describes the process by which a Total Compensation package will be developed. Section 4.2 describes the process for the delivery of a Pay-for-Performance package. Section 4.3, describes the steps that will be taken to identify the Career Development options for

the improved Human Resource and Compensation system. The format used in this document will be used in the Phase II, Preliminary System Design report.

Figure 4.1 shows the master schedule for the development of the preliminary design document and the interfaces which affect the seven project teams. The detailed team schedules are shown in Sections 4.1, 4.2, and 4.3 as they impact the delivery of each objective.

FIGURE 4.1
MASTER SCHEDULE

Declassified in Part - Sanitized Copy Approved for Release 2011/12/20 : CIA-RDP89G00643R000700040029-5



Declassified in Part - Sanitized Copy Approved for Release 2011/12/20 : CIA-RDP89G00643R000700040029-5

4.1 Objective 1: Development of an Improved Total Compensation Package

It is the objective of this activity to develop a total compensation package which will improve the Agency's ability to compete with the private sector in the recruitment and retention of highly-qualified employees, particularly those with highly-marketable skills.

The CIA faces a number of important human resource challenges as it moves into its fifth decade. These derive from:

- A changing social environment;
- Rapidly changing technology;
- An expanding mission;
- Keen competition from the private sector when recruiting highly skilled, educated, and talented employees; and
- The attractiveness of experienced Agency employees to the private sector.

The Agency must contend with a changed employee profile. It has gone from a balance between clerical and professional to an organization that is nearly 70% professional, from a balance between generalist and specialist to an organization that increasingly is technical. All of this is occurring during a period when the gap between Federal Government and private sector salaries and benefits is growing. This gap, combined with what many perceive to be the negative image of Government service, may increasingly frustrate the Agency's efforts to recruit and retain those individuals with needed critical skills.

In 1986, the DS&T sponsored a study to identify concerns of selected employee groups and offices. This study found that within the Directorate there was considerable concern with the current compensation system:

"The current compensation system limits hiring and retention of key people and prohibits frequent recognition of high achievement performance. There was broad based concern across all DS&T offices about the loss of high potential employees, and a lack of an effective reward system for excellent performance. This concern was particularly high among technical employees, substantive experts, and middle managers."

The study went on to suggest that the technique of hiring at high grades to attract key people would eventually create "big problems in retaining them." The author stated:

"The whole question of compensation must be studied and addressed comprehensively and innovatively if the Directorate is to maintain excellence in the Intelligence Community."

Despite special Agency-specific pay schedules for scientists, engineers, and other professionals, the Agency's salary structure is far from competitive with that available in industry. Since 1972, the consumer price index (CPI)

has increased 234 percent. While the private sector has generally kept pace with the CPI, top GS employees have lost ground. For example, in 1972 a GS-15/10 was paid \$33,260, in 1987 this had been increased to \$69,976, but only less than one-half the increase in the CPI. The situation of SIS officers is even worse.

Across the board, Department of Labor statistics show that the median Federal Government salary is nearly 24 percent below the median salary in private industry. In terms of total compensation, a Hay-Huggin report prepared for Congress in 1986 indicated that the Federal Government lagged behind the private sector by 15.7 percent and the gap is widening. Moreover, the health and insurance benefits available to federal employees are relatively inflexible. They do not take into account employee needs at different stages of their lives and careers.

The consequences are obvious, the erosion of real income is beginning to be felt in the loss of people with critical skills, and what has been identified as a problem for the DS&T is likely to spread to the rest of the Agency. The baby boom generation is nearly behind us and in its wake will be a tighter labor market with significantly increased competition for those who are highly trained and well educated. Employees with Agency experience, skills and clearances will be even more sought after by the private sector, and we need to be concerned now that our compensation package not get further out of balance. However, if we develop a total compensation system which responds to market forces and employee needs, then that, combined with the unique career opportunities available in the Agency, will maintain and even improve the Agency's ability to recruit and retain a high quality work force.

The Agency's current statutory authority provides sufficient flexibility to address many of the compensation issues. However, as the plan design proceeds, it is possible that a number of proposed compensation system changes will require legislation.

4.1.1 Role of the Total Compensation Team

The Total Compensation Team will address means of improving the Agency's competitive position in the labor market. However, salary-specific recommendations including pay-for-performance options will be developed primarily by the Position Classification and Pay Team and are discussed in Section 4.2.

Possible total compensation improvements to be examined will include, but are not limited to:

- ° Cash and noncash awards and incentives
- ° Flexible (cafeteria-style) health and insurance benefits
- ° Changes to annual leave policy
- ° Tuition aid for employees and dependents
- ° Changes to the current retirement plans

The first step in developing an improved total compensation package will be to identify the relevant current Agency programs. This will form the base-line against which the proposed total compensation options will be compared.

The Total Compensation Team then will conduct in-depth interviews at 15 to 25 private sector firms (see Table 4.1.1.) with which the Agency competes for talent, in order to develop total compensation profiles which reflect information on salaries, performance incentives, other compensation and career development items not normally reported to human resource data bases. This data will be supplemented by the more general survey data available from contractors.

The information collected from private sector interviews, consultant-provided private sector surveys, and a review of the open literature will be used to arrive at a menu of compensation options for review by the Task Force. Initially, these will be compiled without regard to eventual cost and those options which the Task Force selects will be merged into a number of strawman compensation system designs for cost and effectiveness analysis.

It is anticipated that certain nonsalary features of the total compensation package will be available to all employees, but the Total Compensation Team also will examine flexible and tiered benefit packages.

A flexible plan approach recognizes, for example, that young single employees, married employees with young children and older employees have different insurance and other needs. Instead of treating all employees alike, it permits employees greater choice so they can select a benefit package which better fits their needs.

Under a tiered plan, certain nonsalary features could be occupation specific, and others could be either level specific or performance based. The Total Compensation Team will explore whether different total compensation packages should be available to different occupations, both to reflect market price realities and occupation specific needs and preferences. The team also will explore whether some total compensation features should be based upon the employee's level within an occupation. For example, entry-level employees would only receive a core package, journeymen-level employees would receive an expanded total compensation package, and an enhanced package with additional features would be reserved for expert or management-level employees. Finally, the team will examine how plan features could be used to reward superior performance.

Employee input is critical to the development of a new total compensation system and so employee needs and concerns will be addressed early in the system design. The Total Compensation Team, in conjunction with the Communications and Career Development Teams, will solicit employee input before development of a preliminary system design, primarily through focus groups and employee surveys, and will solicit employee feedback on the preliminary design.

TABLE 4.1.1.

TABLE 4.1.1

PROPOSED PRIVATE SECTOR MARKET SURVEY

<u>COMPANY</u>	<u>SOURCE</u>
Aerospace	S&T
Atlantic-Richfield	100 Best
Hughes - Space & Comm	S&T
TRW	S&T
Apple Computer	100 Best
Chevron	DA & DO
ESL	S&T, DI
Hewlett-Packard	DO, 100 Best
Lawrence Livermore Labs	T.C. Team
Lockheed Missile & Space	S&T, DI
Bechtel	DA
Leo Burnett Co.	100 Best
Hewitt Association	100 Best
QSI	DI
Marriott	DA, DO
Martin-Marietta	S&T
Mitre	S&T
Sovran	T.C. Team, DO
Westinghouse	S&T, DA
Mobil	
Brookings	DI
Defense Analysis (IDA)	T.C. Team
Johns Hopkins	DI
BDM	DA
Bell Labs	S&T, DI
Citicorp	DA
IBM	S&T, DO
J.P. Morgan Inc.	100 Best
Pitney Bowes	100 Best
Polaroid	DO, 100 Best
Hudson Institute	DI
Ball Aerospace	S&T
E-Systems	S&T
Exxon	100 Best
Federal Express	100 Best
Johnson & Johnson	DO, 100 Best
Marion Labs	100 Best
Northwestern Mutual	DO, 100 Best
Proctor & Gamble	DO, 100 Best
Trammell Crow	100 Best
Motorola	T.C. Team
Collins Radio	T.C. Team
Digital	T.C. Team, 100 Best
General Electric	T.C. Team
TASC	DI
Raytheon	T.C. Team, 100 Best

To establish a baseline for cost comparisons between the current system and a new compensation package, the Agency's current total compensation structure will be examined. The costs for personnel services, allowances, and benefits will be calculated for the various strawman designs by the ADP Team. These can be compared one against the other and also compared with present expenditures in order to evaluate the various design tradeoffs given anticipated fiscal and other constraints.

Since the aim of the total compensation program is to increase Agency competitiveness with the private sector, the measure-of-effectiveness for comparing potential compensation schemes will be total cost to the Agency, total compensation provided to the employee, and employee satisfaction. Total cost to the Agency will be derived from the data projected by the ADP Team. The compensation evaluation will focus on a comparison of the Agency's compensation package with that of its marketplace competitors. Employee satisfaction with any new compensation package will be determined through a variety of employee feedback mechanisms.

A partial list of potential benefit options are shown in Table 4.1.1.A. These benefits, among others, will be evaluated during the development of the preliminary design. Appendix A contains a list of ideas which OPM has advanced.

4.1.2 Role of the Position Classification and Pay Team

The major component of a total compensation system is generally the salary an organization pays its employees. As a consequence, base pay is usually the key, though not always the deciding factor, considered by prospective and current employees in deciding whether they wish to enter into or maintain a relationship with an organization. To be effective as a tool for attracting and retaining quality employees, the salary structure must meet two criteria. First, it must provide pay levels sufficiently competitive with other employers vying for the same talent to entice the desired employees to enter and remain with the organization. The exact relationship of the pay structure to the marketplace is a policy decision which balances the attractiveness of the work the organization has to offer, the drawing power of the location and work environment, the conditions of employment (job security, mobility requirements, advancement opportunities, other special demands such as requirements to maintain security clearances), and local economic factors, against available resources and other policy and legal constraints. Second, the salary structure must be perceived internally as paying similar amounts for work of like responsibility. This objective is met through the use of the organization's job evaluation system.

TABLE 4.1.1.A

Agency Paid Travel Insurance
Alternative/Flexible Work Schedules
Annual Leave Buy-Back Program/Exchange for Other Benefits
Higher Education Tuition Payment including education assistance for dependents
Benefits for High-Travel Jobs
Civilian Reserve Program
Staffing with Spouses
Core Holidays and Flexible Holidays
Critical Language Skills
Day Care for Sick Children
Dental Insurance
Enhanced Certificates of Merit
Enhanced Benefits for Part-time Employees
Expanded the Co-op Program
Financial Services When Under Cover
Full Retirement Funding by Agency
Health Facilities
Improved Domestic Cover
Increased Symbolic Recognition
Length of Service Recognition
Manager of the Year Award
Matching Savings Plans
Project Participation Citation
Promotion Honors
Real Estate Support to New Employees
Sabbaticals with Contractors
Skills Incentive Program
Unit Citation Improvements
Using Agency Facilities for Training to Which the Family Could be Invited

Although there are a variety of job evaluation methods in use, all fall into one of two broad categories: "whole job" approaches and "job component" approaches. Descriptions of some of the more common methods of job evaluation and an assessment of their advantages and disadvantages are attached as Appendix B. The following are important considerations in the selection of a system for use by the Agency:

- ° It must be responsive to organizational change.
- ° It must be compatible with the Agency's decentralized management style.
- ° It should produce consistent results.
- ° It must preserve the concept of equal pay for equal work within the Agency.
- ° It must be easy to communicate to managers, employees, evaluators, and external oversight groups.
- ° It should be relatively easy to implement and administer.
- ° It must have applicability for a large and complex organization, and must provide a basis for comparison of the wide diversity of occupations in the Agency.
- ° It must provide a basis for establishing the relationship between Agency jobs and those of other Federal organizations which will satisfy OMB and the Oversight Committees.
- ° It should assist management in identifying and establishing career progression paths for the various occupations within the Agency.

The job evaluation system best able to accomplish these objectives is the point factor system. While not without its faults, as discussed in Appendix B, this approach when properly tailored to the needs of an organization offers the most widely accepted basis for documenting the internal job value system of a large, dynamic and complex organization such as the Agency in an understandable and defensible manner.

To establish and validate a job evaluation system for the Agency occupations, representing approximately 80 percent of the Agency GS population, have been selected for preliminary analysis. Of these occupations have been selected for detailed job analysis using panels of five to nine occupational experts. Each panel, working with either a Position Classification and Pay Team or contractor facilitator, will define the number of levels, the number of discrete jobs, and the generic responsibilities for each job in the occupation. The results of the job analysis will be recorded in generic position descriptions which will contain the job summary and descriptions for each of the seven job components selected for use. These components are:

- ° Qualifications
- ° Complexity
- ° Independence of Action
- ° Life Style Constraints
- ° Organizational Impact
- ° Contacts
- ° Resource Management

STAT

STAT

Generic job descriptions for each of the jobs within the [] occupations will be provided to the contractor for market pricing. In addition, the Position Classification and Pay Team will provide occupational information on the remainder of the [] occupations selected for analysis as well as selected other Agency occupations. Based on the market analysis, the Contractor will assign tentative factor weights to individual factors in order to align the occupations for which specific market data is not available. The contractor will use this information to assess the impact of the proposed job evaluation system on many of the remaining Agency occupations by making placements into the occupational structure using the tentative job evaluation system.

STAT

STAT

The Position Classification and Pay Team will conduct a comparative analysis of the market alignment against the current Agency alignment, and will assess the basis for any significant anomalies. The results of this analysis will be provided to the Task Force for review. Based on Task Force input and management judgements concerning whole job relationships and the number of discrete job levels in the tentative structure, adjustments will be made to the tentative job evaluation system to reflect the desired Agency job structure.

On validation of the Agency job evaluation system, the system will be used to place the remaining Agency occupations into the job structure. It is anticipated that a mini-panel approach will be used to accomplish this task, with members of the Position Classification and Pay Team working with representatives of the occupations to refine the job structures. This effort will proceed concurrently with the development of the remaining aspects of the new compensation system through December 1987. Results of the evaluations will be presented to the Task Force for validation at that time.

On completion of the tentative Agency job evaluation system, the Position Classification and Pay Team and the contractor will develop tentative Agency pay structures and accompanying administrative procedures reflecting a variety of delivery options. A more detailed discussion on pay structure development is included in Section 4.2.1.

4.1.3 Role of the Career Development Team

The Occupational Panels will participate in the data-gathering phase to support the Total Compensation Team and objective. During discussions on career development matters, each panel will be asked to develop a list of benefits specific to each occupation. This data will be of use in developing not only a flexible benefits plan, but also an occupational and/or performance based program.

4.1.4 Role of the ADP Team

Key to developing an improved total compensation program is ADP Team support in costing the options and simulating how employees will fare under the proposed system. In addition, current personnel and payroll systems need to be modified once options have been selected.

In the development of the various total compensation options, the ADP team has the following three tasks:

- ° First, it will assess the administrative costs of a new compensation system against current administrative costs. These costs will be determined from the actual expense of organizations that have adopted similar compensation features, the experiences of personnel consultants and other contractors in implementing new compensation systems and the experience of CIA in administering other Agency-wide plans. The data will include, in addition to payroll costs, space and manpower requirements, the necessary computer and other equipment costs.
- ° Second, it will assist the Total Compensation Team, by providing current information on the composition and characteristics of the current CIA work force*, i.e., sex, marital status, age, number of children, years of service, number of overseas tours, and life and health insurance options currently in use. This data will be used to select focus group composition, see Section 4.1.5, and will form the basis of subsequent benefit cost models. In addition, the Team will simulate how a wide variety of employees would be compensated under a new system, as compared with how well they would do if the current system were retained. Promotion rates, pay adjustments, and other benefits will be compared.
- ° Third, after a new compensation system for the Agency has been approved, it will modify the existing personnel computer system and specify modifications to the payroll system to implement the total compensation package in the Agency's computer environment. The ADP Team also will examine commercially available software packages that could support our total compensation program.

4.1.5 Role of the Communications Team

The Communications Team supports the development of a more competitive total compensation system within the context of the strategic communications plan. Generally, bulletins, surveys, videotapes and briefings will be used to convey the progress of the effort and solicit employee participation. In addition, information on various total compensation systems will be made part of an information kit for briefers.

Most importantly, after information gathering has been completed, a number of focus groups will be assembled so that the Total Compensation Team can assess employee interest in various options and compensation elements. It will be important to determine whether different employee populations have

*The demographic data will be frozen as of 1 February 1987.

significantly different attitudes. From the focus group data the Team will be able to infer what differences exist between broad segments of the Agency population such as: managers vs nonmanagers, professional-technical vs professional-nontechnical groups, professional vs clerical groups, those in overseas vs those in domestic careers, men vs women, and those with dependents vs those without dependents. The focus groups will help bound the issues and lead to development of an employee survey to further assist to identify the benefits and incentives most important to employees and as well as "sacred cows" that should not be disturbed. Summary results will be made available to all employees.

4.1.6 Role of the Training Team

Training will be one of the benefits available in a total compensation package, and one which can help to recruit and retain employees on a career basis. In the Uniformed Services it is not uncommon for officers to be given substantial full time training at the post-graduate level. Large corporations, whose philosophy is to maintain a career work force and to promote from within, also invest heavily in employee training. The Training Team will work closely with the Total Compensation and Career Development Teams and with the Occupational Panels to assess training needs and develop occupation specific training strategies as part of a total compensation approach. It is likely that in the future the Agency will need to have a far more comprehensive training program and that a substantially greater investment in the personal and professional development of our employees will be required.

4.2 Objective 2: To Better Relate Pay and Performance

Key to the development of a new Human Resources system for the CIA is the establishment of a pay and classification system that is responsive to Agency policy as articulated by the DCI in 1986, when he stated that we need to "...adjust our pay system...to better relate performance and compensation." While the current Agency system has provisions for bonuses, QSIs, and promotions, in practice, the mechanisms to reward sustained high performance are not effectively nor consistently used.

In fact, as the Agency's General Schedule system is currently structured, we lag behind the rest of the Federal Government which has implemented the Performance Management and Recognition System (PMRS). Under the system, agencies were required to spend a minimum of .95 percent of payroll up to a maximum of 1.5 percent. If we had adopted PMRS, we would have spent a minimum of [] in FY 1986 on GS-13 to GS-15 cash performance awards, and could have spent up to [] We actually gave only [] in cash awards (represented by our Special Achievement Awards), or about 10 percent of the floor mandated by Congress for the rest of the Federal Government. In the current Agency system, promotions are the primary mechanism for rewarding performance. The result has been accelerated promotion rates for the best employees and a continuous "headroom" crunch. The plight of the solid performers is often worse. They quite properly do not get promotions as fast as the high flyer, but their financial rewards are not

STAT
STAT

STAT

significantly better than less productive associates, i.e., all levels of acceptable performance receive the same in-grade step increases.

The Agency could, of course, adopt the PMRS system and could even extend its features to the whole Agency population, as GAO had proposed to do as an alternative to its broad banding proposal. However, even such a modification would continue to leave us with a pay structure not intended to meet the requirements of a pay-for-performance system. The General Schedule pay structure was designed to support what was essentially a longevity philosophy during a period of low inflation. When designed, the 3 percent step increase was considered to be a sizeable increase, and the 30 percent pay range from minimum to maximum within a grade gave employees an expectation of continuing increases over an 18-year period. When we superimpose a pay-for-performance system on the GS structure, however, we quickly move the people we most want to continue rewarding--the outstanding contributor--to the top of the range and deny further advancement unless we promote to the next pay level, and even this avenue quickly runs out.

The difficulties in adapting the current General Schedule to a pay-for-performance philosophy are further exacerbated by the comparability increase system used by the Federal Government as the means to bring Federal salary rates in line with private sector rates. Even though these increases can be added to a merit pool, and are in the Navy's grade banding experiment and to a lesser extent in PMRS, comparability increases are perceived by employees as a guaranteed cost-of-living adjustment due them regardless of performance, and this has hindered the success of pay-for-performance within the GS architecture.

As a result, Agency managers have been left with only promotions and the poorly funded incentive award pool to recognize performance. The extent to which this problem exists within the Agency as well as the government service in general is borne out by the previously mentioned S&T study which concluded that, "The compensation system...prohibits frequent recognition of high achievement." It is also reflected in the President's efforts in FY 1986 and 1987 to create a merit pay plan for the entire civil service.

In the current Agency system, the relationship between performance and awards is often seen as tenuous. This can be improved by making changes to the current system, which in itself is a modification of the government-wide GS system, or by abandoning the GS system for one which is better suited to deliver pay for performance.

There are three critical requirements which have to be addressed in the development of a pay-for-performance system: (1) employee trust of management encouraged by appropriate training and supervision of managers and supervisors in running the pay-for-performance system; (2) more specific job related performance standards which allow managers to more accurately assess performance and productivity; and (3) an adequately funded merit pay pool. These elements will be addressed respectively by the Performance Appraisal, Training, and Position Classification and Pay Teams.

4.2.1 Role of the Position Classification and Pay Team

It will be the role of the Position Classification and Pay Team to develop and analyze the options available to meet the pay-for-performance objective during the effort. Each option will be evaluated to assess the role that it can play in meeting the objective. In addition, an estimate of costs and associated legal/political implications, as well as the experiences of other organizations with similar systems will be provided. The preliminary design document will describe all of the options considered with a discussion of the pros and cons. However, the prototype design will be limited to those options that best meet the objective.

A successful pay-for-performance system requires a solid underlying position structure that reflects the organizational value system and which assures equal pay for equal work. Job evaluation is the tool by which this part of the objective is accomplished. The approaches to job evaluation, and the process by which a new job evaluation system will be developed for the Agency are discussed in Section 4.1.2

On completion and validation of the new Agency job evaluation system and agreement on the number of levels in the system, the Position Classification and Pay Team will develop a tentative Agency pay structure and the accompanying administrative procedures reflecting a variety of options for administering pay-for-performance within the Agency. At a macro level, the Team will have to consider the following approaches:

- Pay-for-performance for all Agency General Schedule employees under uniform administrative procedures.
- Pay-for-performance for all Agency General Schedule officer-level employees, and modified pay-for-performance for clerical/technical employees patterned after the current secretarial pay program.
- Inclusion of SIS officers along with changes to the SIS performance award program.

On a micro level, a number of other issues will be addressed. These include: the relative use of bonuses vs permanent increases, the recommended percentage salary increases at different grade and performance levels, the use of managerial constraints such as unit-level budget allocations or forced distribution of performance appraisal rankings, the level at which pay decisions are made, and the minimum Agency-wide funding requirements needed to drive the system.

A variety of alternatives for integrating nonpay or benefits items into a pay-for-performance system will be provided. There is, for example, a point-credit type approach in which one would receive certain points for performance which could be exchanged for salary or other benefits.

Figure 4.2 shows the detailed schedule for the Position Classification and Pay Team activity.

FIGURE 4.2
PAY-FOR-PERFORMANCE SCHEDULE

FIGURE 4.2

POSITION CLASSIFICATION AND PAY SCHEDULE

	1986		1987													
	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC		
Occupation Panels	15	-	-	-	-	-	-	-	-	-	-	-	-	-	15	
Mini-Panels					15	-	-	15								
Evaluation of Benchmark Occupations					1	-	-	15								
Marketpricing of Occupations					1	-	-	-1								
Cost Projections & Modeling					1	-	-	15								
Employee Simulations					1	-	-	-	-	-	-	-	-	-	-	-
Design of Salary Structure					15	-	-	15								
Design of Agency Classification System					15	-	-	15								
Job Analysis & Evaluation of Non-Benchmark Occupations								1	-	-	-	-	-	-	-	-31
Develop Implementation Procedures										1	-	-	-	-	-	-31

4.2.2 Role of the Total Compensation Team

As was addressed in paragraph 4.1, the Total Compensation Team will work closely with the Position Classification and Pay Team. First, the specific market survey data collected by the Total Compensation Team will provide a context in which to evaluate the broad market data collected by the Position Classification and Pay Team. Second, the Total Compensation Team will review the contribution of salary items, including performance or merit pay to the total compensation package to determine what, if any, nonsalary items should be added to the pay-for-performance pool.

4.2.3 Role of the ADP Team

The Position Classification and Pay Team will develop a new Agency pay structure. The ADP Team will support this effort by developing a computer model that will calculate the Agency's total salary costs based on assumptions concerning pay scales, promotion rates, merit pay increases, conversion rules, etc. As a first step, a prototype will be built based on the OC and OIT banding proposals that were developed in 1984 and 1986. The objective of the prototype is to ensure that all variables of the model are specified correctly and to verify that the output contains the correct information in the proper format.

Occupation specific models will also be built for the Operations Officer, Computer Analyst-Programmer, Intelligence Officer-Analyst, Project Management Engineer and Supply Officer. These five occupations were selected because they represent typical occupations in each of the Directorates. The occupation-specific model will show the expected salary of an employee in the current GS system and what can be expected in a new pay-for-performance system from both a salary and total compensation standpoint.

The current payroll and personnel system will have to be modified before a new pay system is implemented. The current systems are based on an architecture that supports "X" grades (currently 15) and "Y" steps (currently 10). These automated systems can be adapted to a different pay package so long as the "X", "Y" architecture is preserved. The current payroll and personnel systems already have been modified to support a maximum of 999 steps. This would allow a salary band to be divided into small increments (e.g., \$25.00) and any salary adjustment could be made to the nearest increment. This is in keeping with the project team philosophy of modifying new compensation system features to fit existing ADP system capabilities in order to reduce implementation cost and time. Ultimately, of course, ADP system capabilities will be upgraded to support a new compensation system without such compromises and adjustments.

After a new pay-for-performance system has been implemented, the ADP Team will provide support in three areas: job classification, salary administration, and regulatory issuances.

First, with respect to job classification, a system will be built that will allow a manager to "create a job" when a new position is needed.

A portion of the task descriptions collected by the Occupational Panels will be used for this subproject. The manager and component personnel officer will be able to describe the proper job and level, and then select the specific duties for a specific employee.

Second, with respect to salary administration, a system will be built to allow managers to manage the annual distribution of merit pay increases and bonuses. The file will contain the salary and level of all employees in a component. The managers will be able to use this system to allocate increases and bonuses on a trial basis prior to award to assure that allocations are within available funds and reflect the desired reward distributions.

Third, with respect to regulatory issuances, a computerized system will be developed. The current system distributes regulatory issuances in a hard-copy (paper) form and has all of the distribution problems associated with paper copy systems, i.e., expensive to produce, difficult to locate, readable by only one person at a time, limited in indexing capability, difficult to update, and subject to misfiling. In order to solve many of these problems, the new regulations will be made available via a computer terminal. The documents will be indexed, and it will be possible to text search the regulations. Because implementation of a new pay-for-performance system will require many personnel regulations to be rewritten, the automation process will begin with these regulations.

4.2.4 Role of the Performance Appraisal Team

The performance appraisal process establishes the critical link between performance and reward in a pay-for-performance system. Administration of the salary and compensation system must be grounded in a clear and documented link between performance appraisal and compensation adjustment. In general, when pay and compensation are not as closely tied to performance as they will be in pay-for-performance, the performance appraisal process is not a major concern to supervisors or employees. However, when employees are compensated in direct relation to their individual performance and contribution, they and the supervisor/manager attach far greater importance to the overall performance appraisal process.

This situation applies in the Agency. The current performance evaluation process generally tolerates imprecision, in part, because it is not perceived as the primary mechanism by which rewards are determined. Except at the fringes, (i.e., the very good and the very bad employee) performance appraisals are not used as they might be to develop employees and to adjust compensation. Currently, the performance appraisal process is used by many managers as a satisfier, not a motivator, and since a mediocre performance appraisal only creates bad feeling, it is easier to give an inflated rating. More to the point, the current CIA performance appraisal system is inadequate to support pay for performance. While it is fundamentally objectives-based it does not require managers to establish and document goals and/or performance standards for employees. Consequently, during the reporting period,

performance is not monitored in any consistent manner and overall performance ratings are not interpreted consistently throughout the Agency or even across jobs within the same offices. Certainly, the decoupling of performance evaluation from the reward process has done little to encourage routine employee/management performance counseling.

In the absence of a felt need, previous attempts to develop and define work objectives and standards have met with little or no success. The most recent attempt was the advanced work plan which met with resistance and ultimately failure. A pay-for-performance system, however, requires greater standardization so employees will not view decisions regarding performance as arbitrary or unfair. The need for better performance evaluation practices and employee-management communication have been highlighted in attitude surveys of employees under the Office of Communications experimental pay system. To assure an equitable and effective performance evaluation system, performance expectations need to be clearly communicated throughout the rating period, and this means that supervisors need to provide timely and continuous performance feedback to employees and must be willing to differentiate compensation on the basis of performance.

The Performance Appraisal Team is responsible for the design and implementation of a performance management system which will more effectively support pay-for-performance (i.e., more effectively establish the link between performance and pay). The aim will be to establish a system which is simple for the supervisor to administer and which will help managers make pay-for-performance decisions. To accomplish this, members of the Performance Appraisal Team have reviewed performance appraisal literature, have consulted with experts, and are reviewing performance appraisal systems in use in other organizations. In view of existing experience with an objectives-based appraisal system, the Performance Appraisal Team will investigate a performance standards approach to performance appraisal. This approach requires specifying what is required in each job in terms of major functions/dimensions and associated tasks and establishing clearly defined levels of accomplishment. This encourages a more uniform, defensible system for evaluating performance based upon attainment of standards. We will use the expertise represented by the Occupational Panels to provide the data required for the initial stages of performance standards development. Panels representing benchmark occupations will participate in this endeavor, and a representative from the Performance Appraisal Team will serve as the facilitator. The product of this effort will be a position paper regarding performance appraisal.

STAT

Representatives from the Performance Appraisal Team also will interview selected job incumbents from the first three occupations analyzed (the Category B Operations Officer the Computer Assistant, and the Computer Systems Analyst-Programmer) using the Professional and Managerial Position Questionnaire (PMPQ) and/or the Position Analysis Questionnaire (PAQ). Information derived from this effort will be analyzed and a comparison will be made regarding the amount and type of data secured by using the PAQ/PMPQ as opposed to working directly with the Occupational Panels to identify the key job dimensions which then are used to develop occupation specific performance appraisal measures.

Work resulting from Occupational Panel efforts will be presented to the Task Force along with PAQ/PMPQ analyses. Task Force members will be asked to review the data and to make a decision regarding continued use of the PAQ/PMPQ questionnaire. If it is decided that the PAQ/PMPQ methodology should be continued, job interviews will be conducted with three incumbents for each job identified by the Occupational Panels. If the Task Force decides to discontinue use of the PAQ/PMPQ, members of the Performance Appraisal Team will continue working with the Occupational Panels to identify job dimensions and associated tasks for the remaining occupations.

The various approaches to performance appraisal will be analyzed. At a minimum, this will include a comparison of the current system which is an objectives approach, with a behavioral approach and a hybrid approach. The pros and cons of each, and experience relative to its use in other government and nongovernment organizations will be presented along with a project team recommendation. Task Force members will then decide which performance appraisal approach(es) are to be followed. The detailed schedule for the Performance Appraisal Team support to pay-for-performance is shown in Figure 4.2.A.

When a performance appraisal system is selected and a preliminary design approved, we will refine the development methodology and establish a schedule for addressing the remaining Agency occupations. We are currently considering the establishment of "mini-panels" as a less labor-intensive alternative to address the smaller occupational groups. Development and preliminary design of other parts of the performance appraisal system also will occur. This would include a simple, easy-to-use performance plan, performance appraisal form(s), the automation of the performance appraisal system, and design of the associated system administrative procedures.

When the final system design is approved and Occupational Panels are again convened they each will review and refine job dimensions and develop performance standards for that occupational group.

4.2.5 Role of the Training Team

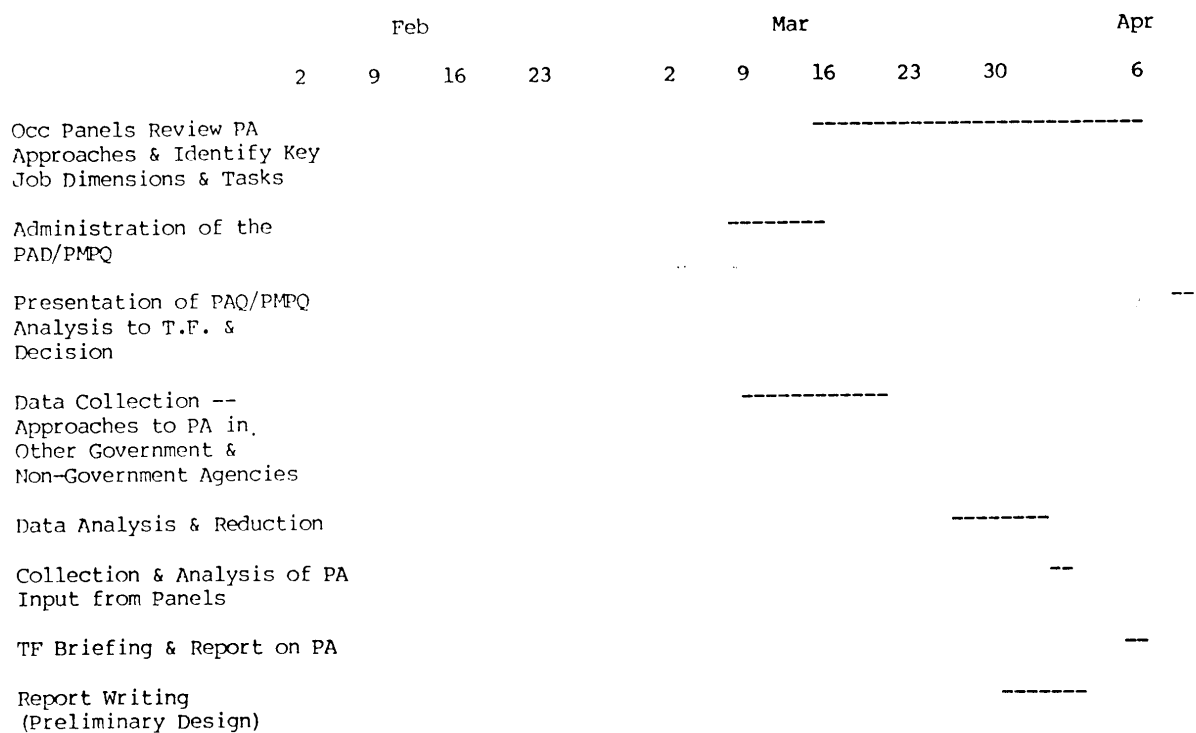
Prior to entering the Agency's new personnel and compensation system, all employees need to know how the new system works. Managers, in addition, need to know how to use the system, especially in terms of performance planning, monitoring, feedback, and appraisal. They also must be able to link performance to compensation, training, and career development.

It will be the role of the Training Team to design and deliver system-relevant training to all Agency managers and employees. It is anticipated that training of managers to implement the new system can be accomplished with a one day training course. The focus of the course will be on applying the pay-for-performance and performance appraisal parts of the system. The design and development of training materials will be done by the Training Team in close coordination with the other project teams. The Training Team also will schedule and coordinate the training sessions.

FIGURE 4.2.A
PERFORMANCE APPRAISAL DETAILED SCHEDULED

FIGURE 4.2.A

PERFORMANCE APPRAISAL TEAM SCHEDULE



It is anticipated that the training sessions for managers will be conducted by three person teams (consisting of one OTE, one OP, and one Component/Occupation representative). Approximately, six training teams will be needed to conduct the training as outlined in Appendix C.

Agency employees will be briefed in half-day seminars on the system as it applies specifically to each of the occupational categories. These seminars will be developed by the Training Team in conjunction with the other project teams.

4.2.6 Role of the Communications Team

The Communications Team, working closely with the Position Classification and Pay and Training Teams, will support the effort to develop a system which better relates pay and performance by providing information to employees on key pay-for-performance issues. This will be done through employee bulletins, videotapes, and briefings. An information kit will be prepared, containing relevant background information on different pay-for-performance systems, the experience of organizations that have implemented or are planning such systems (i.e. the Naval Weapons Center, Naval Ocean Systems Center, the Office of Communications, the General Accounting Office, and the National Bureau of Standards) and information as to how such a system could be structured for the Agency. These kits will assist knowledgeable persons to brief at training courses, office conferences, staff meetings, and before other special groups.

4.3 Objective 3: To Develop a More Effective Career Development Program

The Agency is a unique organization made up of a multitude of occupations, many of which have no counterpart elsewhere in the public or the private sector. As a consequence, it requires a career development system which fosters the development and maintenance of a very wide variety of skills, and which also encourages employees with such skills to remain with the Agency for a full career. An effective career development system which accomplishes both of these objectives will help to preserve the extraordinary capabilities of the Agency and facilitate the human resource planning by management which will ensure that we continue to have the people and mix of skills we need to meet mission requirements.

The process by which the organization communicates its human resource goals is critical to the success of any career development system. First, the manager must have an enhanced ability to integrate program and human resource planning, that is, he or she must clearly understand how program requirements will affect personnel and career development needs. The system must make available to the manager information on skills requirements and the relative costs of acquiring those skills through recruitment, internal or rotational assignments or training. Then, in furtherance of such human resource planning, employees must be made aware of which skills and occupations are in decline and which are in a growth mode and be given encouragement to move from the former to the latter. Finally, the employee needs clear career paths that outline career progression in accordance with existing and emerging Agency requirements. The availability of up-to-date career handbooks can help ensure this type of communication flow from management to the employee.

With effective human resource planning and better management-employee communication, a more clearly defined career development system can be developed. For example, the Agency requires highly trained substantive experts. It also requires a cadre of skilled managers, who thrive on a high risk, high pressure environment, who can get the job done, but who also develop the human resources under their command. It is possible to design a dual track system which provides both experts and managers with appropriate incentives to progress along their respective tracks. There can be incentives which foster the development of both greater substantive depth and breadth with appropriate awards and status for those who wish to remain on an expert track. The system also can encourage the development of management skills and reward the good manager.

4.3.1 Role of the Career Development Team

It will be the role of the Career Development Team to develop and analyze options available to design a more effective career development system. The features that will be explored initially and which likely would be built into the system are:

1. better integration of human resource and program planning; and management accountability for human resource planning.
2. clearer requirements for career advancement;
3. management accountability for career development;
4. training as an integral part of career advancement; and,
5. creation of management and expert tracks as equally viable means to long-term career advancement.

As described below, the Career Development Team will examine options to implement each of these features. After the Task Force determines the preferred options to pursue, the Career Development Team will construct prototype designs incorporating the selected characteristics into a comprehensive career development package that will dovetail with the new job evaluation, compensation, and performance appraisal systems.

The methodology that will be used to examine the career development options are described below:

First, with respect to better integration of human resource and program planning, the Career Development Team will analyze the pros and cons, including the resource implications, of having human resource planning separate from, in parallel with, or integrated into the program planning system. The Training Team will support the analysis by arranging a presentation by an outside speaker on private sector practices involving human resource and program planning. The Career Development Team, with assistance from the Office of the Comptroller, will analyze the positive impact of making human resource planning information available during the budget process to improve coordination and delivery of support services and to reduce duplication of effort. Similarly, the negative impact of decoupling human resource and personnel planning also will be analyzed.

If better integration of human resource and personnel planning is to be encouraged, then the possibility of reinforcing management accountability in this area will be examined. This will be done in the context of a review of the human resource analysis and planning tools to which managers currently have access. To the extent necessary, specific proposals will be advanced to improve the availability of such tools.

Second, the Career Development Team will review Agency and private sector promotion policies and obtain Occupational Panel input as part of an effort to determine how clearer career development criteria can be developed. Occupational Panel judgments as to the skills, knowledge, experience, assignments and performance which should be required in order to be considered for promotion will be reviewed. But, at the same time, the degree to which these represent necessary but not sufficient criteria will be examined, and there will be an effort to better define the role of management judgment and discretion in the career development process. In this regard, the legal implications, the costs, and the degree of employee acceptance of having certification standards, peer competition or managerial/supervisory decision-making as the procedure for determining promotions will be reviewed. In addition, a variety of alternatives for measuring potential and how such measures can be used for career development purposes will be examined.

Third, the Career Development Team will identify the skills requirements and responsibilities of managers with respect to employee career development by drawing on the work of Occupational Panels, previous studies of Agency management and external research on the subject of managerial accountability. In addition, the Career Development Team will examine ways of achieving the desired degree of accountability through incentives and the performance evaluation process.

Fourth, the Career Development and Training Teams will work closely to determine the best means of integrating training into career development. An Agency training policy will be developed to ensure skills retention and updating by all employees and to encourage acquisition of new skills needed to support future Agency operations. The Occupational Panels will provide the base data needed to analyze costs, benefits and resource implications of several possible approaches to occupation-specific training, both as a requirement and as an option for career growth and mobility.

Fifth, the Career Development Team will assess the feasibility of establishing viable expert and managerial career paths. The objective will be to improve both substantive and managerial productivity by encouraging employees to select career paths best suited to their skills. Such a study will begin with an examination of successes and problems associated with private sector use of dual career tracks and the limited Agency experiments with the same. The Career Development Team then will integrate data from the Occupational Panels into a workable design for creation of expert tracks within the Agency and, with the assistance of other teams, will develop cost figures for establishment and maintenance of such a system.

The Task Force will play a pivotal role in designing a viable managerial career path when they serve as the managerial Occupational Panel. Aided by a contractor facilitator they will identify managerial levels, selection methods and entry requirements, job dimensions, and skills, evaluation criteria, incentive programs and training needs for a management career in CIA.

The success of a dual track system depends largely on its credibility with the employee population. Successful dual tracks cannot simply be bounded by organizational structure, they also must be occupationally focused. Our Career Development system must integrate both component and occupational needs and sensitivities. The Career Development Team will examine alternatives to our current career subgroup or component focused system that could result in a more effective dual track career development program. Using examples from the work of the Occupational Panels, the Career Development Team will compare the pros and cons of four possible approaches to career management and promotion--component-based, occupation-based, Directorate-based or Agency-wide. The detailed schedule to perform these functions is shown in Figure 4.3.

4.3.2 Role of the Position Classification and Pay Team

The Position Classification and Pay Team will incorporate any special requirements, such as establishment of dual career ladders, into the job evaluation system, and will develop supporting pay structures and administrative procedures required to implement the career development programs. The methodology to be used in developing these support mechanisms is outlined under objectives 1 and 2, Total Compensation and Pay-for-Performance respectively.

4.3.3 Role of the Total Compensation Team

The Total Compensation Team will support the career development objective in three ways. First, during its market survey, it will collect data on career development practices in the private sector. Second, it will ensure that any proposed compensation system will include incentives which will reward skill enhancements, support Agency career development objectives, and enforce management accountability. Third, if a dual-track system is created for both technical experts and managers, it will develop the total compensation system to reflect the needs of both tracks.

4.3.4 Role of the ADP Team

The objective of the Career Development Team is to ensure that the human resource needs of the organization are clearly defined and then to assist and motivate employees to develop their abilities and order their careers to meet those needs. Managers must have readily available the information and the tools to do the job.

One critical information element for managers is an accurate employee profile that contains data on the skills, knowledge, assignments and training

FIGURE 4.3

	February	March	April
1. Speaker on human resource and program planning		16	
2. Briefing on automated planning tools and impact of planning information		30	
3. Briefing on Dual-Career Ladders -- Theory and Practice		2	
4. Task Force serves as management occupational panel		17/19	
5. Briefing on Potential, its evaluation and use	23		
6. Cost/Benefit analysis of alternatives for integrating training into career development			6-13
7. Potential promotion criteria presentation		30	
8. Potential career management procedural options		23	

FIGURE 4.3

of each employee. The current biographic profile system is still too paper intensive, is incomplete and the information often is out-of-date. The ADP Team will build a new and expanded system that allows each employee to review the accuracy of the data and easily update it as necessary, subject to official verification. The ultimate objective is to replace the thick paper filled Official Personnel File (OPF) with a computer file. Current automation efforts in recruitment processing, insurance, retirement and payroll, for example, will be integrated with other personnel data base upgrades as part of this objective. One small step which the ADP Team will take will be to allow performance data to be stored electronically. This will allow rapid duplication of the PAR for career panels and a text search facility if unique skills or assignments are needed.

These information and data base upgrades must be accompanied by software development to give managers and personnel specialists user-friendly automated tools to support:

- ° Skills needs analysis and planning
- ° Human resource source analysis and planning
- ° Skills matching and promotion modeling
- ° Assignment, succession and training planning

The ADP Team will examine automated tools currently available or under development in the Agency and begin necessary improvements.

4.3.5 Role of the Performance Appraisal Team

The proposed performance appraisal system will more clearly document what is required in any given job. Performance standards will define the progressive levels of performance and skill--in terms appropriate to the organization--from entry to expert or management level. Such information will provide employees with an effective aid in making career development decisions.

The identification of major job functions/dimensions and associated tasks will be accomplished by the Occupational Panels, with a member of a Performance Appraisal Team serving as a facilitator.

4.3.6 Role of the Communications Team

Bulletins dealing with specific career development issues will be produced as needed. Information about dual-track possibilities will be made part of the information kit for briefers as will background material on how other organizations handle career development for their employees. Since improving career development will be an important part of the new system, this subject will also be part of the information and education process.

Since each occupation will have a unique career development system, the Occupational Panels will play a large role in developing occupation specific communication plans, including career handbooks, methods for obtaining feedback, and ways to evaluate and adjust the system initially developed.

4.3.7 Role of the Training Team

To perform effectively in any occupation, an employee must possess the relevant skills, knowledge, and abilities pertinent to the job speciality. Although on-the-job training can provide many of the necessary skills, training (through both formal classes and self-study courses) may offer an efficient short-cut.

The Training Team will work with the Occupational Panels to develop relevant job specific training programs. The goal is to develop a training package which will play an integral role in the long-term career development of Agency employees. To accomplish this goal, the Training Team will participate in the meetings of the Occupational Panels during the Phase I period when training issues are discussed. It will provide guidance to the panels about: a) the role of training in the attainment of skills and in career development, and b) currently available training, including external training, OTE courses, and training conducted by other components. It then will assist in putting together a training package for each occupation which will translate training requirements into reality--that is developing the internal and external training programs which will be part of the career development system.

Finally, the Training Team will develop a curriculum plan to meet such training needs and will estimate the costs for implementation of training for each occupational group.

5.0 Phase I Deliverables

There will be three groups of deliverables: those which are between and among the project teams, those which will be sent to the Task Force, and those which will be sent to consumers outside the project team-Task Force environment.

5.1 Deliverables to the Individual Project Teams

Table 5.1 lists the information, analysis or computer software (deliverables) needed by one project team or the project manager and provided by another project team.

5.2 Deliverables to the Task Force

Table 5.2 lists the data and documents which will be provided by the project manager to the Task Force in order to obtain feedback or guidance.

5.3 Deliverables Outside the Project Team-Task Force Environment

Table 5.3 is a preliminary list of communications, notices and bulletins to employees; questionnaires and surveys sent out in order to solicit information from employees regarding their attitudes and desires; and project documentation provided through the Task Force to Agency senior management for approval at the end of one phase, prior to initiating the next phase of the effort.

TABLE 5.1
DELIVERABLES TO THE PROJECT TEAMS

<u>DELIVERABLE</u>	<u>RESPONSIBLE TEAM</u>	<u>RECIPIENT</u>	<u>DUE DATE</u>
1. Market Survey	Total Compensation	Position Classification & Pay	2/23/87
2. Broad Market Survey	Position Classification & Pay	Total Compensation	3/1/87
3. ADP Demographics Specs	Total Compensation	ADP	2/4/87
4. Demographics Data	ADP	Total Comp/Communications	2/23/87
5. Comparative Admin Costs Model Specs	Total Compensation	ADP	2/4/87
6. Admin Cost Data	ADP	Total Compensation	3/1/87
7. Alternative Total Comp Package Costs Model Specs	Total Compensation	ADP	3/9/87
8. Alternative Total Comp Package Cost Data	ADP	Total Compensation	4/2/87
9. Alternative Pay System Cost Model Specs	Position Classification & Pay	ADP	1/26/87
10. Alternative Pay System Cost Model	ADP	Position Classification & Pay	2/13/87
11. Alternative Pay System Model Review	Position Classification & Pay	ADP	2/23/87
12. Alternative Pay System Model Runs (Cost Analysis)	ADP	Position Classification & Pay	3/2/87
13. Occupation Specific Model Specs	Position Classification & Pay	ADP	2/3/87

TABLE 5.1 (Continued)

<u>DELIVERABLE</u>	<u>RESPONSIBLE TEAM</u>	<u>RECIPIENT</u>	<u>DUE DATE</u>
14. Occupation Specific Model	ADP	Position Classification & Pay	2/13/87
15. Occupation Specific Model Review	Position Classification & Pay	ADP	2/23/87
16. Occupation Specific Model 1st Run	ADP	Position Classification & Pay	3/2/87
17. Progress Reviews	ALL	Program Manager	2/23/87 3/13/87 3/26/87
18. Brain Storming Session	ALL	Program Manager	3/3/87
19. Occupation Specific Benefits Data	Career Development	Total Compensation	Continuing
20. Incentives List Encourage Management Accountability	Position Classification & Pay	Career Development	2/23/87
21. Private Sector Career Management Survey Data	Total Compensation	Career Development	3/1/87

TABLE 5.2
TASK FORCE DELIVERABLES

<u>DELIVERABLE</u>	<u>RESPONSIBLE TEAM(S)</u>	<u>DUE DATE</u>
1. Market Survey Data	Total Comp/Position Classification & Pay	3/2/87
2. Total Compensation Strawman	Total Compensation	3/9/87
3. Focus Group Data	Total Compensation	2/23/87
4. PMPQ Results	Performance Appraisal	3/2/87
5. Management Occ Panel Background & Specific Data	Career Development	3/17/87 - 3/19/87
6. Career Development Strawman	Career Development	4/20/87
7. Cost/Benefit Analysis of Training Options	Career Development/Training	4/6/87 - 4/13/87
8. Tentative Classification System(s)	Position Classification & Pay	4/13/87
9. Program Plan	Program Manager	2/17/87
10. Preliminary System Design(s)	Program Manager	4/3/87
11. Final Design	Program Manager	5/29/87

TABLE 5.3

<u>DELIVERABLE</u>	<u>RESPONSIBLE TEAM(S)</u>	<u>RECIPIENT</u>	<u>DUE DATE</u>
Communications Update Focus Group & Other Surveys	Communications	Employees	1/26/87 3/2/87 4/1/87 5/TBR/87
Focus Group & Other Surveys	Communication	Employees	TBR
Program Plan	Task Force	Deputy Directors	2/23/87
Preliminary System Design	Task Force	Deputy Directors	5/29/87
Final Design	Task Force	Deputy Directors	60 days after prelim. design approval
Implementation Schedule	Program Manager	Deputy Directors	30 days after final design approval

APPENDIX A
**LIST OF AREAS SUGGESTED BY OPM STAFF
FOR AGENCIES TO CONSIDER FOR
FUTURE DEMONSTRATION PROJECTS**



Declassified in Part - Sanitized Copy Approved for Release 2011/12/20 : CIA-RDP89G00643R000700040029-5

Demonstration Ideas Within Title 5, Within Chapter 47	5 USC 4703 (a) (1)	(a) (2)	(a) (3)	(a) (4)	(a) (5)	(a) (6)	(a) (7)	(a) (8)	Other	Source
Classification and Compensation										
Job enrichment and expansion through job redesign		X								Wright- Patterson
Mission-oriented job design		X								McClellan
Performance-based rank-in-person classification system		X								Literature
Skill-based job evaluation with advancement based on mastery of individual skills as determined by peers.		X	X		X		X			Literature, PI
Average grade classification concept		X			X			X		Literature, Port Authority
Pay-for-performance for both white-collar and blue-collar workforce		X			X					McClellan
Pay-for-performance based on multiple variables, including peer ranking		X			X		X			Literature, PI
Integrate white-collar and blue collar pay to make all salaried		X								Literature
* Pay differentials for supervisors and managers		X								Literature
* Two-tier bonus system for group and individual performance		X			X					Literature, PI

Footnote: Sources of suggested areas include ideas presented to OPM staff by Federal agencies, OPM staff generated ideas and areas identified from professional literature as well as private industry experience.

Declassified in Part - Sanitized Copy Approved for Release 2011/12/20 : CIA-RDP89G00643R000700040029-5

emonstration Ideas Within Title 5, Outside Chapter 47	5 USC 4703 (a) (1)	(a) (2)	(a) (3)	(a) (4)	(a) (5)	(a) (6)	(a) (7)	(a) (8)	Other	
flexible style benefit selection by employees		X							X	Literature
determine cooperability increases based on pay and benefits		X							X	Literature, Internal
leave buy-back programs		X							X	PI
health care cost containment programs with employee incentives					X				X	PI
voucher program for health insurance					X				X	Literature

Footnote: Sources of suggested areas include ideas presented to OPM staff by Federal agencies, OPM staff generated ideas and areas identified from professional literature as well as private industry experience.

Declassified in Part - Sanitized Copy Approved for Release 2011/12/20 : CIA-RDP89G00643R000700040029-5

Demonstration Ideas Within Title 5, Within Chapter 47	5 USC 4703 (a) (1)	(a) (2)	(a) (3)	(a) (4)	(a) (5)	(a) (6)	(a) (7)	(a) (8)	Other	Source
Classification and Compensation Continued										
Foldover of bonuses into base pay after period of sustained performance		X			X					Literature, PI
X Dual career ladder for non- supervisors and supervisors		X								Navy Demo
X Group pay-for-performance		X			X					Literature, PI

Footnote: Sources of suggested areas include ideas presented to OPM staff by Federal agencies, OPM staff generated ideas and areas identified from professional literature as well as private industry experience.

Demonstration Ideas Within Title 5, Within Chapter 47	5 USC 4703 (a) (1)	(a) (2)	(a) (3)	(a) (4)	(a) (5)	(a) (6)	(a) (7)	(a) (8)	Other	Source
Incentive Programs										Internal
Monetary fine for misconduct or poor performance				X					X	Wright- Patterson
X Training at reduced pay to rehabilitate marginal performers		X			X				X	Wright- Patterson
X Career enhancement training and education as a reward for high performers					X				X	Wright- Patterson
X Mandatory paid sabbaticals for professionals					X				X	Wright- Patterson
X Mandatory paid continuing education for professionals				X					X	Harry Diamond Laboratories
X Team-based gainsharing					X					Literature
X Employee-run incentive award program					X					Internal

Footnote: Sources of suggested areas include ideas presented to OPM staff by Federal agencies, OPM staff generated ideas and areas identified from professional literature as well as private industry experience.

FN

Declassified in Part - Sanitized Copy Approved for Release 2011/12/20 : CIA-RDP89G00643R000700040029-5

Demonstration Ideas Within Title 5, within Chapter 47	5 USC 4703 (a) (1)	(a) (2)	(a) (3)	(a) (4)	(a) (5)	(a) (6)	(a) (7)	(a) (8)	Other	Source
Performance Appraisal										
Subordinate evaluation of managers							X	X		Literature
Peer evaluations/performance appraisals							X		X	Literature, PI
Multi-rater performance appraisals									X	Literature, PI
Client/customer evaluations/ performance appraisals									X	Literature
Simplified (less than 5-level) performance appraisal									X	McClellan

Footnote: Sources of suggested areas include ideas presented to OPM staff by Federal agencies, OPM staff generated ideas and areas identified from professional literature as well as private industry experience.

Demonstration Ideas Within Title 5, Within Chapter 47	5 USC 4703 (a) (1)	(a) (2)	(a) (3)	(a) (4)	(a) (5)	(a) (6)	(a) (7)	(a) (8)	Other	Source
Staffing and Placement										
Agency hire all employees directly	X									NASA
Abolish/modify "rule of three"	X									NAC
Replace X-118 with individual agency-developed standards	X		X							McClellan, Forest Service
Eliminate minimum experience requirements, focus only on KSAs	X		X							McClellan, Forest Service
Reimburse for interview/relocation expenses for all occupations	X								X	NASA
Make pay market-based for all occupations	X	X								Internal
Establish certificates of promotion eligibles based on performance ratings			X		X					DOE
Voluntary intra- and interagency job exchange and career enhancement program			X		X					Internal
Abolish time-in-grade requirements			X							NTP
Designate "their apparent" to aid in succession planning			X							Wright- Patterson

Footnote: Sources of suggested areas include ideas presented to OPM staff by Federal agencies, OPM staff generated ideas and areas identified from professional literature as well as private industry experience.

APPENDIX B

JOB EVALUATION DISCUSSION

CENTRAL INTELLIGENCE AGENCY

Job Evaluation Discussion Outline

A. Definition of Job Evaluation

1. Systematic method of determining a job's value relative to other jobs.
2. Considers the content of each job.
3. Does not assess an individual's performance or determine an individual's salary.

B. Purpose of Job Evaluation

1. Assists the organization in determining the internal value of its jobs.
2. Ensures internal equity between jobs.

C. Alternative Methods of Job Evaluation

Although there are a number of different approaches to job evaluation, all methods can be classified into one of two broad categories: "whole-job" approaches and "job component" approaches.

1. Whole-Job Approaches

- o Job Ranking: Provides a top to bottom ordering of positions using a single broad scope, such as overall value and decision-making.

- Advantages

- Simple approach.
- Quick and easy to implement in smaller organizations.

- Disadvantages

- Difficult to compare across functions (e.g., accounting versus operations).
- Potential lack of consistency of results (i.e., very subject to evaluator bias).
- May fail to consider all job dimensions.
- Difficult to adequately document reasons for evaluations.
- Not appropriate for large, complex organizations.

- o Market Ranking: Uses marketplace pay rates to develop job rankings. This method is often used in conjunction with other approaches.

- Advantages

- Very market responsive.
- Easy to understand and communicate to managers and employees.
- High quality market data allows greater precision than other whole-job approaches.

- Disadvantages

- Market value may not be the same as internal value to the organization.
- Difficult to use in large, complex organizations with many different types of jobs, because market data may not be available for many positions.
- Administration and maintenance can be difficult because organizations must frequently check the "marketplace" when a position's duties and responsibilities change or when new positions are added.

- o Classification: Provides for each position to be measured against a predetermined scale which defines various levels or classes of job value. For each class of job value, there is a general description of the types of job duties, responsibilities, and qualifications involved.

- Advantages

- Relatively easy and quick process, once predetermined scale of job classes has been chosen.
- Sophisticated job evaluation skills not required, since this approach depends

less on evaluator judgment than do some approaches.

- Small evaluation staff required, so administrative costs tend to be relatively low.

- Disadvantages

- Cannot be applied well to all jobs (particularly those involving diverse managerial or professional duties) because descriptions of classes become too complex.
- Does not detail degree of difference among jobs.

2. Job Component Approaches

- o Factor Comparison: Uses compensable factors to develop a rank ordering of positions. Each position is ranked on each factor relative to all other positions to arrive at a hierarchy of positions.

- Advantages

- Facilitates job comparisons across functional lines, since all jobs are compared on all factors.

- Factor definitions increase objectivity and consistency of results.
- Results tend to be more precise than those obtained using whole-job approaches.
- Easy to document reasons for results.
- Disadvantages
 - Complex to develop and maintain in a large, multifunction organization.
 - May be difficult to communicate results.
- o Point Factor: Uses compensable factors and a scale of degree steps within each factor. Each factor is weighted to reflect the organization's values and each degree step within a factor has a point value. This approach allows for all jobs to be related on all factors and provides for an additive, quantitative point hierarchy.
- Advantages
 - Facilitates job comparisons across functional lines.
 - Factor and degree definitions increase objectivity of results.
 - Details the degree of difference between jobs.

- Responsive to organizational change.
- Relatively easy to maintain.
- Relatively easy to communicate and understand.
- Appropriate for large, complex, multifaceted organizations, because method can be applied uniformly to all positions.
- Can be used to help establish career progression paths.
- Disadvantages
 - Requires a fair amount of development time.
 - Administration can be time-consuming, particularly if organization has many different positions.
 - Can give the impression of greater precision than is warranted (judgment is still critical).
- o Classification/Point System: Combines key features of both the classification and point factor evaluation methods. Positions are grouped into distinct job families and various levels of duties

and responsibilities are defined in guidecharts for each family. Jobs are evaluated against the guidecharts and assigned appropriate point scores.

- Advantages

- Offers a consistent basis for developing job hierarchies.
- Advances objectivity.
- Details degree of difference between jobs.
- Relatively easy to maintain (i.e., doesn't require frequent fine-tuning).
- Very useful in large, complex, multifaceted organizations.
- Can be used by organization to establish career progression paths.

- Disadvantages

- Requires a considerable amount of development time.
- Administration can be time-consuming.
- Can give the impression of greater precision than is warranted.

-- Somewhat difficult to understand, since it requires going through more steps than any other approach.

D. Criteria for CIA to Consider in Selecting a Job Evaluation Approach

1. Responsiveness of the approach to organizational change.
2. Compatibility of the approach with the organization's values and management style (e.g., degree of participation required by mid-level managers).
3. Consistency of results (i.e., different groups of evaluators should be able to produce comparable results for the same positions).
4. Fairness (i.e., equal pay for equal work).
5. Ease of communication to evaluators, managers, employees.
6. Ease of implementation and administration (i.e., the system should not be excessively burdensome to administer).
7. Applicability to large, complex organization (i.e., facilitates comparisons across functional lines).
8. Provides for documentation of results (i.e., record of basis of evaluation).

9. Enables the organization to use the system to help in establishing career progression paths.

CENTRAL INTELLIGENCE AGENCYSelecting an Appropriate Job Evaluation Methodology

Considerations		Point Factor	Factor Comparison	Job Ranking	Job Family	Marketplace
Organization:	Mature/stable	•	○	○	○	
	Growing/unstable			•	•	•
Management Style:	Authoritarian			•	○	•
	Participative	•	•		•	
Employee Attitudes:	Trusting	•	•	○	•	
	Antagonistic	•			○	•
Positions:	Many/diverse positions	•	○		•	○
	Few/generic positions	○	○	•	○	•
Staff Resources:	Specialized/available staff	•	•	○	•	•
	Non-specialist/limited staff	○	○	•	○	○
Development:	Internal resources	○	○	•	•	•
	External resources	•	•		○	•
Administration:	Time/budget constraints		○	•	○	○
	Time/budget flexible	•	○		○	•
Responsiveness:	Flexible		○	•	○	•
	Limited flexibility	•				
Legal:	Prior suits/EEO problems	•			○	
	No problems	•	•	•	•	○
Communications:	Open	•	○		○	
	Closed		○	•	•	○

• Good Choice

○ Second Choice

○ Poor Choice

TTC TOWERS, PERRIN, FOUST & COMPANY

APPENDIX C

PRELIMINARY TRAINING PLAN

Page Denied

TRAINING SCHEDULE

	Feb	March	April	May	June	July
I. Managing Change						
° Speaker f/Sr. T.F.	13					
° Auditorium Series f/SIS & GS-15s			29			
° Electives in Executive Development Series			8/9	5/6		
° Assistance to Work Group (on-going)						
II. Occupational Panels						
° OTE Representative	-----					
° Develop Training pkg. f/Each Occupation			-----			
III. Training on One New System						
° Outline f/Training Materials				---		----
° Training Designed						
IV. OTE Papers						
° Cost Estimates for Assessments Centers	23					
° Training Incentives		3				
° Agency Training Options: Cost, Benefits & Resource Implications			6			